

1 order to manage XRP supply in the market?

2 MR. HORTON: Sorry. Same objection.

3 A. I -- so the -- the -- the restrictions
4 predate me, so -- the impetus for them, I'm not sure.

5 Q. When you were at Ripple, did OTC sales
6 include sales restrictions, resale restrictions?

7 A. Lockup periods, sometimes, not always.

8 Q. So those lockups were put in place to
9 manage XRP's supply in the market?

10 MR. HORTON: Objection to form.

11 A. There was an interplay between the -- the
12 restrictions and the discounts. So I think if --
13 without discounts, there were -- there were no
14 restrictions.

15 Q. Were the restrictions meant to mitigate any
16 downward price pressure from sales of XRP?

17 MR. HORTON: Objection to form.

18 A. That's not way I thought of them. I think
19 the primary reason, I think, to have those
20 restrictions was to not immediately monetize the
21 discount. So that's the way --

22 Q. So not to immediately sell the XRP into the
23 market?

24 A. Right.

25 Q. Did the restrictions include a restriction

1 on the amount of XRP that could be sold on a daily
2 basis?

3 A. I don't remember.

4 Q. While you were at Ripple, did Ripple
5 generate any non-XRP sales revenue?

6 MR. HORTON: Objection to form.

7 A. I believe so.

8 Q. How did that revenue compare to revenue
9 from XRP sales revenues?

10 A. I think it was much smaller.

11 Q. Sales of XRP on -- Ripple sold XRP
12 programmatically on digital asset trading platforms?

13 A. Yes.

14 Q. They used third-party market makers to
15 execute those sales?

16 MS. COWAN: Objection.

17 A. Yes.

18 Q. Those were sales to retail investors?

19 MS. COWAN: Objection.

20 A. I said before, I -- we were selling on
21 exchanges through the market makers. I'm assuming
22 that they were retail investors or traders on as
23 well.

24 Q. And those were -- trading in XRP on those
25 platforms was primarily for speculation?

1 MR. HORTON: Objection to form.

2 A. I assume so.

3 Q. And who were the names of the market makers
4 that Ripple contracted with?

5 A. [REDACTED] GSR. And then -- they had
6 various names; I think the last name was

7 [REDACTED]

8 Q. Ripple also sold XRP over the counter to
9 hedge funds, market makers, and wealthy individuals?

10 MR. HORTON: Objection to form.

11 A. Yes.

12 Q. Ripple sold the XRP directly through its
13 XRP II entity?

14 A. Yes.

15 Q. Some of those OTC customers who purchased
16 XRP directly from Ripple were purchasing on behalf of
17 their own customers who wanted exposure for XRP?

18 MR. HORTON: Objection to form.

19 A. So the -- the over-the-counter brokers were
20 facilitating purchases for their clients.

21 Q. So they were acting as dealers?

22 MR. HORTON: Objection to form.

23 MS. WAXMAN: Strike that.

24 Q. Customers who purchased XRP directly from
25 Ripple were purchasing for speculation?

1 MR. HORTON: Objection to form.

2 A. I assume so.

3 Q. For investment purposes?

4 MR. HORTON: Objection to form. Calls for
5 speculation.

6 A. I don't know.

7 Q. Did you -- did OTC customers purchase at a
8 discount?

9 A. Some.

10 Q. Did any OTC customers plan to use the XRP
11 in any -- in connection with any Ripple product?

12 MR. HORTON: Objection to form.

13 A. Not that I know of.

14 Q. Did you ever place restrictions on the --
15 on how these customers could use the XRP?

16 MS. COWAN: Objection.

17 A. Outside of the sales restrictions, no.

18 Q. OTC purchasers were purchasing either
19 through a master purchase agreement, a commit-to-sell
20 agreement, or a loan-to-purchase agreement?

21 MR. HORTON: Objection to form.

22 A. Those all sound familiar.

23 Q. Is there a difference between the
24 commit-to-sell agreement and the loan-to-purchase
25 agreement?

1 A. I can't remember the exact difference.

2 Q. Why did Ripple sell XRP over the counter?

3 A. So we discussed the -- the sales to the
4 brokers. In particular, I thought that was very
5 important in order to develop the over-the-counter
6 market. When I began at Ripple, there was no
7 over-the-counter market for XRP. So facilitating
8 that -- that activity was helpful. There was no
9 exchanges.

10 So when folks wanted to -- and at the time
11 I mentioned it was 6/10 of a penny, so not many
12 people wanted to sell it down there. So when -- when
13 brokers -- in order for brokers to be able to offer
14 liquidity in XRP at all, they had to have somewhere
15 to buy it themselves. And they didn't have it, so
16 those over-the-counter sales took brokers who were
17 really important, I think, in developing that
18 over-the-counter market.

19 I think the other sales were in a similar
20 vein. There was no over-the-counter market, and --
21 you know, Ripple was providing that until that
22 over-the-counter market developed.

23 Q. Did over-the-counter sales increase the
24 potential pool of XRP buyers?

25 A. I think so.

1 Q. Did it allow for wider distribution of
2 Ripple's XRP?

3 MS. COWAN: Objection.

4 A. That's interesting. I don't -- because OTC
5 purchases tend to be bigger. I -- I think, you know,
6 if -- literally, yes, because, you know, we're --
7 before Ripple was the only one holding, you know, I
8 would say one XRP. And now you move that over to
9 somebody else and now there's two entities that hold
10 it so there's more distribution. But at the same
11 time, it's probably the most concentrated way to
12 distribute XRP, through over the counter.

13 Q. Even though it was the most concentrated,
14 it did allow for wider distribution. Right?

15 MR. HORTON: Objection to form.

16 A. It got in more hands.

17 Q. Did the -- did a robust OTC market reflect
18 traders confidence in XRP?

19 MR. HORTON: Objection to form.

20 A. No.

21 Q. Why not?

22 MR. HORTON: Same objection.

23 A. I mean, I just don't think of a robust OTC
24 market as having anything to do with someone's
25 confidence in whatever is being traded in that

1 over-the-counter market.

2 Q. Did a robust OTC market have any impact on
3 speculative XRP trading?

4 MR. HORTON: Objection to form.

5 A. So kind of a -- a broad idea, with respect
6 to the OTC initiative, was that eventually, as the
7 market becomes more liquid we can slowly remove --
8 Ripple can remove itself from this kind of
9 over-the-counter facilitation, which a software
10 company, I thought, should not be in the middle of.

11 So that, you know, over time, you have the
12 exchanges, and then you have the over-the-counter
13 market. And those two will interplay. So folks
14 will -- the over-the-counter brokers will off lay
15 risk onto the exchanges. So I think -- the
16 over-the-counter markets are a really important part
17 of a healthy liquidity pool.

18 Q. Did over-the-counter sales from Ripple
19 increase XRP liquidity?

20 A. I think, eventually, it was helpful.

21 Q. And did it increase speculative trading in
22 XRP?

23 MR. HORTON: Objection to form.

24 A. I think so.

25 Q. You said that Ripple's primary business was

1 selling XRP, not software sales.

2 MS. COWAN: Objection.

3 MR. HORTON: Objection.

4 A. I didn't say that.

5 I didn't say that. I said that the
6 sales -- the non-XRP sales were smaller than the XRP
7 sales.

8 Q. What was the --

9 A. By the way, selling an asset is not a
10 business.

11 They don't give you much of a multiple when
12 you go IPO, on selling a diminishing asset. That's
13 not a business.

14 Q. What was Ripple's business?

15 A. Enterprise software sales, and that was the
16 goal.

17 Q. Did it make any money from selling software
18 sales?

19 MR. HORTON: Objection to form.

20 A. As I said before, I think it made some.

21 Q. How much?

22 A. I don't know.

23 Q. What was the difference between the amount
24 of money it made selling software and the amount of
25 money it made selling XRP?

1 MR. HORTON: Objection to form.

2 Q. Ten to one?

3 MR. HORTON: Objection.

4 A. Maybe more. I don't know. Twenty to one?

5 I don't know.

6 Q. What do you mean "selling a diminishing
7 asset is not a business"? What does that mean?

8 A. I think it's pretty clear. We all know
9 what a business is, right.

10 Q. And which asset are you talking about?

11 A. XRP.

12 Q. And why was it diminishing?

13 A. There's a limited amount.

14 You can't make more of it.

15 Q. Did Ripple publicly state that it would
16 engage in efforts to increase the demand for XRP?

17 MR. HORTON: Objection to form.

18 A. I don't think so. I don't know.

19 Q. Did Ripple publicly state that it would
20 work to develop a use case for XRP?

21 MR. HORTON: Objection to form.

22 A. Yes.

23 Q. Did Ripple publicly state that it would
24 seek to get XRP adopted by banks for cross-border
25 payments?

1 MR. HORTON: Objection to form.

2 A. I think so.

3 Q. And during what time period did Ripple
4 publicly state that?

5 MR. HORTON: Objection to form.

6 A. I don't remember exactly.

7 Q. When you joined Ripple in November --

8 MR. HORTON: Sorry. Would this be a good
9 place for a break? We've been going for about an
10 hour and 15.

11 MS. WAXMAN: Just a couple more minutes. I
12 just want to finish this line of questioning.

13 Q. Going back to the OTC sales, did OTC sales
14 have an impact on XRP price?

15 MS. COWAN: Objection.

16 A. I don't know.

17 Q. Did you track OTC sales?

18 A. Yes.

19 Q. And why did you track OTC sales?

20 A. I don't remember there being an explicit
21 reason. I felt like it was something that was just
22 expected of us, the markets team.

23 MS. WAXMAN: Let's go off the record.

24 THE VIDEOGRAPHER: Going off the record at
25 10:17 a.m. Eastern.

1 (A recess was taken from 10:17 to 10:37.)

2 THE VIDEOGRAPHER: We are back on the
3 record at 10:37 a.m. Eastern.

4 Q. Mr. Vias, during your tenure at Ripple, did
5 you have regular contact with Chris Larsen?

6 MS. COWAN: Objection.

7 A. Infrequent.

8 Q. When did you have contact with him?

9 A. Early on. It was more frequent. Probably
10 about once a month, maybe.

11 Q. And for what reason would you meet with
12 him?

13 A. I'm sorry, was the question contact or
14 meeting?

15 Q. Either.

16 A. And I asked because I would run into him in
17 the hall. Or if I was in San Francisco, he was
18 around more in the beginning of my tenure there. So
19 there was contact that was less formal, if you will.

20 And then, meetings, you know, I didn't
21 really have one-on-one meetings with Chris.

22 Q. Did he regularly attend certain meetings
23 that you were present at?

24 A. Yes.

25 Q. And what meetings?

1 Which meetings?

2 A. The -- the Friday XRP sales meeting.

3 Q. And any other meetings that he regularly
4 attended that you were present at?

5 A. Not that I remember.

6 Q. And did you keep Mr. Larsen apprised of
7 what the XRP markets team was doing?

8 A. No.

9 Q. Outside of those weekly sales meetings, did
10 you keep him apprised of what the markets team was
11 doing?

12 A. Not really, no.

13 Q. Did you need him to either approve or
14 endorse anything that the XRP team markets team did?

15 MR. HORTON: Objection to form.

16 A. No.

17 Q. And soon after you started at Ripple, did
18 Mr. Larsen step down as CEO?

19 A. Before I joined.

20 Q. Before you joined. So during your tenure,
21 what was his role with the company?

22 A. Executive chairman.

23 Q. And Brad Garlinghouse was CEO when you
24 joined?

25 A. Yes.

1 Q. And did you have regular contact with him?

2 A. Yes.

3 Q. And when I say "contact," I'm talking about
4 for work-related purposes, not, you know, passing him
5 in the hallway.

6 When did you have contact with him?

7 A. Couple times a week, on email.

8 Q. Did you need to keep him apprised of what
9 the XRP markets team was doing?

10 MR. BAMBERGER: Objection.

11 A. No.

12 Q. Why would you email him?

13 A. Oh, he might be on an email string, or he
14 might email us, you know, the markets team or the BD
15 team. It wasn't always just Brad and me on an email.

16 Q. Did he regularly attend meetings that you
17 were present at?

18 A. The Friday meeting.

19 Q. Any other meetings?

20 A. No.

21 Q. And when you say "the Friday meeting," are
22 you talking about the weekly XRP sales and markets
23 meetings?

24 A. Yes.

25 Q. Other than Brad and Chris, were others

1 present at that meeting?

2 A. Yes.

3 Q. Who else?

4 A. It changed over time. Patrick attended
5 those while he was at the company and part of the BD
6 team.

7 Ron, [REDACTED]
8 [REDACTED] at times.

9 I think [REDACTED] and [REDACTED] a few times, but
10 that wasn't as regular.

11 Q. Mr. Larsen attended those meetings while he
12 was chairman of the board?

13 A. Yes.

14 MS. PROSTKO: Objection.

15 Q. What was his role in those meetings?

16 A. He was mostly a listener. He didn't --
17 wasn't a ton of participation by Chris in those
18 meetings.

19 Q. When he participated, what was his
20 participation?

21 A. He might ask a question or two, but I don't
22 exactly remember.

23 Q. During those meetings, did you make
24 recommendations as to Ripple's XRP sales targets?

25 A. Yes.

1 Q. Did Mr. Larsen make any decisions about
2 Ripple's sales targets?

3 MS. PROSTKO: Objection.

4 A. Not explicitly. No.

5 Q. Could you explain what you mean?

6 A. So, in that room, it always felt like Brad
7 was really the kind of the final decision-maker if we
8 were going to make a change. We proposed something,
9 some discussion, and then a decision was made. The
10 decision was made by the team, but you really
11 couldn't get that without Brad okaying it.

12 I just don't remember Chris being a real
13 active part of that decision-making process. But
14 Chris was Brad's boss. So -- certainly -- it -- it
15 feels like if Chris had had a problem with one of the
16 recommendations, and Brad said yes, but Chris didn't
17 want that, I'm guessing Brad would have had to have
18 gotten the approval from Chris. I don't know.

19 Q. Would Brad act -- do something that Chris
20 didn't endorse?

21 MR. HORTON: Objection to form.

22 MS. PROSTKO: Objection.

23 A. I don't know.

24 Q. So Brad was the final decision-maker
25 regarding Ripple's XRP sales targets?

1 MR. HORTON: Objection to form.

2 A. I don't know.

3 Q. You just said that Brad made the final
4 decisions at the weekly meetings.

5 MS. COWAN: Objection.

6 MR. HORTON: Objection. I don't think
7 that's his testimony.

8 A. I also said that if Chris had really felt
9 strongly about it one way or the other, I don't think
10 Brad would have just plowed ahead, because his boss
11 was on the phone.

12 Q. Got it.

13 What were Ripple's sales targets based on?

14 MS. COWAN: Objection.

15 A. Sorry, could -- are we -- are you talking
16 about the percentage? Which target?

17 Q. Ripple sold XRP into the market. How did
18 it determine how much it would sell?

19 A. So we would look at overall volume, and
20 then settle on a percentage of daily volume to sell
21 on the exchanges.

22 Q. That percentage, was -- that was based on
23 the company's operational needs?

24 MR. HORTON: Objection to form.

25 A. That's not -- not -- the market's team, no.

1 Not from my perspective, from our perspective.

2 Q. What was it based on?

3 A. So the overarching goal with that
4 percentage was to have a very light touch in the
5 market and not impact the market at all.

6 Q. So Ripple tried to extract as much as it
7 could from market from its XRP sales?

8 MR. HORTON: Objection to form.

9 A. No, we -- the percentage that we set,
10 was -- meant to be able to sell XRP without impacting
11 the price at all.

12 Q. If the sales would have had an impact on
13 the price, would you have stopped selling it?

14 MR. HORTON: Objection to form.

15 A. The markets team would have never
16 recommended to sell a percentage that we thought
17 would have an impact.

18 Q. So did the markets team pause XRP sales if
19 those sales were having a -- a negative impact on XRP
20 price?

21 MR. HORTON: Objection to form.

22 A. If we thought we were having an impact, we
23 would have recommended either pausing or lowering the
24 amount.

25 Q. Did you do that?

1 A. We did.

2 Q. Did you ever increase Ripple's sales of XRP
3 into the market?

4 MS. COWAN: Objection.

5 A. You mean increase the percentage?

6 Q. Yes.

7 A. I think so. I don't remember specifically.

8 Q. And when would you increase the percentage?

9 MS. COWAN: Objection.

10 A. I don't remember.

11 Q. Did -- did Ripple sell more XRP when the
12 price rallied?

13 MR. HORTON: Objection to form.

14 A. So if we kept the percentage the same and
15 the volume picked up, we would end up selling more
16 XRP. But that didn't have anything specifically to
17 do with the price. So if the price went from
18 50 cents to a dollar and the volume was the same,
19 then we wouldn't have ended up selling any more.

20 Q. Understood. But when did you increase the
21 percentages?

22 MS. COWAN: Objection.

23 MR. HORTON: Objection.

24 A. I don't remember exactly, the why. I'm ...

25 Yeah.

1 Q. Could Ripple sell more XRP into the rally
2 without impacting the price?

3 MR. HORTON: Objection to form.

4 A. I don't know.

5 You asked me could we have increased the
6 percentage? And not had an impact? I don't know.

7 Q. Yes. If there was a rally in XRP, isn't it
8 more likely that -- if -- strike that.

9 Did Ripple sell more XRP in XRP price
10 rallies?

11 MR. HORTON: Objection. Form. Asked and
12 answered.

13 A. In situations where a rally correlated with
14 an increase in volume, and we kept the percentage the
15 same, yes, we -- we would have sold more XRP.

16 Actually, I don't know if we would have
17 sold more XRP. Just thinking about it a little bit.
18 The price increases, every XRP is worth more. So
19 unless there's a decrease in the amount of XRP
20 trading hands, your notional amount is going to
21 increase.

22 And we sold basis that notional amount, so
23 let's say there was \$1,000 traded, we would try to
24 sell \$25. But at a higher price that 25 -- that \$25
25 may be comprised of much less XRP. So there's a

1 chance that in certain situations, as the price
2 rallied, we sold less XRP but for more money.

3 Q. Did Ripple also sell more XRP for more
4 money, in these rallies?

5 MR. HORTON: Objection to form.

6 A. I don't know.

7 Q. Were there certain revenue targets that
8 Ripple was trying to meet?

9 MS. COWAN: Objection.

10 A. I think at times, there may have, but it --
11 that wasn't a -- it wasn't an input into the markets
12 team's suggestion or recommendation.

13 Q. Why not?

14 A. It just wasn't. Wasn't part of our OKRs.
15 It didn't filter down to us.

16 Q. Who were the revenue partners for, then?

17 MR. HORTON: Objection to form.

18 A. I don't -- that's good question. I don't
19 know.

20 Q. Did Ripple ever base its sales targets on
21 XRP price parameters?

22 MR. HORTON: Objection to form.

23 A. No.

24 Q. You said that you would adjust Ripple's XRP
25 sales up and down depending on market conditions.

1 Right?

2 A. Depending on volume, yes.

3 Q. Did it also depend on price?

4 A. Not explicitly.

5 Q. But you would adjust Ripple sales if the
6 sales were impacting XRP price.

7 MR. HORTON: Objection.

8 A. If we thought that we were selling too much
9 and having an impact on the price, we would have made
10 a recommendation to lower it.

11 Q. If you felt that you could extract more
12 proceeds from XRP sales, did you increase sales?

13 MR. HORTON: Objection to form.

14 A. No.

15 Q. Why not?

16 MR. HORTON: Objection.

17 A. The one goal with that percentage was to
18 not impact the price. So from my team, the amount of
19 money being extracted was not as important to my
20 team.

21 Q. And when you say "not impact the price,"
22 you mean not have a negative impact on the price.

23 A. Correct. Correct.

24 Q. So the goal was -- the goal was also to
25 maintain XRP's price?

1 MR. HORTON: Objection to form.

2 A. It was just to not have an impact, for our
3 team not to have an impact on the price, whatever the
4 price was.

5 Q. How were OTC sales, the amount of OTC
6 sales, determined?

7 MR. HORTON: Objection to form.

8 A. I don't remember there being kind of a
9 process for determining the amounts.

10 Q. Did Ripple ever cap OTC sales during any
11 period?

12 A. If I remember correctly, I think we had
13 monthly caps at one point.

14 Q. For what purpose?

15 A. I don't -- I don't remember the questions
16 why we had the caps.

17 Q. Did Mr. Garlinghouse suggest that Ripple
18 cap OTC sales?

19 A. I think at one at a time point, Brad and I
20 had a discussion around OTC sales and he may have --
21 I think I recommended it. I think he recommended it,
22 I don't know.

23 Q. Someone recommended capping OTC sales?

24 A. Uh-huh.

25 Q. What -- for what purpose?

1 A. Well, we kind of -- I don't know. I
2 discussed this idea of having Ripple be the OTC
3 provider of XRP, and that's a less than ideal
4 situation from a market development perspective. You
5 don't really want one -- that's not an OTC market if
6 you have one active -- basically the only -- the only
7 place for anybody to get liquidity in something.

8 So the -- I think -- if I remember
9 correctly, the capping the OTC was in that vein,
10 right, the idea that we don't want to be the only one
11 providing this liquidity. And we much rather either
12 funnel that interest to the over-the-counter brokers,
13 as we're trying to develop that, or onto the
14 exchanges, because we're also trying to develop that
15 liquidity. And any added activity in either one of
16 those would be beneficial.

17 Q. So either you or Brad wanted to cap OTC
18 sales in order to increase XRP sales on platforms?

19 MR. HORTON: Objection to form.

20 A. No, I think the -- the impetus there is
21 really more around us not being the only provider of
22 XRP in the market.

23 Q. But weren't you selling to OTC brokers who
24 were selling into the market?

25 MR. HORTON: Objection to form.

1 A. The -- yes.

2 Q. So who else would be selling XRP other than
3 Ripple?

4 MR. HORTON: Objection to form.

5 A. Anybody who owned XRP.

6 Q. Did you cap OTC sales in order to grow the
7 secondary market for XRP?

8 MR. HORTON: Objection to form.

9 A. I think one of the inputs was -- in order
10 to -- so that we wouldn't hurt the development of
11 those other marketplaces, at least that's the way I
12 looked at it.

13 Q. Would the cap facilitate secondary market
14 trading of XRP?

15 MR. HORTON: Objection to form.

16 A. I don't know.

17 Q. Did Mr. Garlinghouse suggest that Ripple
18 cap OTC sales in order to have a positive impact on
19 XRP price market?

20 MR. BAMBERGER: Objection.

21 A. I don't remember.

22 Q. So OTC sales, Ripple's OTC sales, were
23 soaking up the XRP demand?

24 MR. HORTON: Objection to form.

25 Q. You can answer.

1 A. I think -- if Ripple is the only -- is the
2 only provider of XRP in the market, and it only comes
3 to one place, then that demand is being -- we're the
4 ones kind of sucking up that demand; it's not
5 proliferating in the marketplace broadly.

6 Q. Did Ripple ever direct market makers to buy
7 XRP in the secondary market?

8 MS. COWAN: Objection.

9 A. I think maybe before I was there.

10 Q. During -- while you were with -- with
11 Ripple, did it ever direct market makers to buy XRP?

12 MR. HORTON: Objection.

13 A. Not that I remember.

14 Q. How did you learn that Ripple's market
15 makers were buying XRP?

16 MR. HORTON: Objection.

17 A. How did I learn that that had happened
18 before I joined?

19 Q. Yes.

20 MR. HORTON: Objection. Lack of
21 foundation.

22 A. I read it in the SEC complaint.

23 Q. Did you have any prior knowledge?

24 A. No.

25 MS. WAXMAN: Exhibit 2.

(Email re: XRP Sales Program, Bates
0763300, was marked MV Exhibit 2 for
identification, as of this date.)

MS. FORBES: Did you say Exhibit 2?

MS. WAXMAN: Yes.

Q. Mr. Vias, I've showed you what's been
marked as Exhibit MV 2, which has a Bates 0763300.

Let me know when you're done reading it,
please.

(Witness reviewing document.)

A. Okay.

Q. The -- I want to focus on the very bottom
email from you, dated December 16, 2016. You say,
Beginning in January, I want to move to a more
programmatic sales strategy.

What was being done previously?

A. I'm not 100 percent sure exactly the way it
worked before. So this is about two weeks after I've
joined. And this is -- me still trying -- just
trying to get a feel for how the place works or it
doesn't.

And if I remember correctly, I do remember
feeling that there was very little structure around
how we were doing this. And, you know, I think
there -- at one point been a conversation around

1 buying and it felt ad hoc.

2 And I said, Look, I think sales, purchases,
3 whatever it is the company wants to do, we need a --
4 a more programmatic way of doing it.

5 Q. When did you have the conversation about
6 purchases?

7 A. I don't remember.

8 MR. HORTON: Objection to form.

9 Q. With whom?

10 A. I don't remember.

11 Q. Did Brad ask you to prepare a document
12 about Ripple's purchases of XRP in the market?

13 A. Not that I remember, no.

14 Q. Did you ever discuss purchasing XRP, with
15 Brad?

16 A. No.

17 Q. Did you ever recommend that the XRP markets
18 team purchase XRP in the market?

19 A. No.

20 Q. Why not?

21 MR. HORTON: Objection.

22 A. The company is long a lot of XRP.

23 And it -- it never felt natural for me, in
24 my opinion, given that length, given the amount of
25 XRP that the company holds to be buying it. I felt

1 like we had enough of it. And really be focused more
2 on things to do with it. So, yeah, buying just never
3 made a lot of sense.

4 Q. Did others at the company ever recommend
5 purchasing XRP in the market?

6 MR. HORTON: Objection to form.

7 A. Not that I can remember.

8 Q. Did -- were the --

9 MS. WAXMAN: Exhibit 48.

10 (E-mail re: OTC vs. Market, Bates 0763250,
11 was marked MV Exhibit 48 for identification, as
12 of this date.)

13 Q. Mr. Vias, I've showed you what's been
14 marked as Exhibit MV 48, which is an email with the
15 Bates 0763250.

16 (Witness reviewing document.)

17 A. Okay.

18 Q. If you turn to the other side, the second
19 page.

20 There's an email from Brad that you
21 responded to.

22 In the sentence that starts with "but,"
23 Brad writes, But as I watch as continue to go through
24 the roof, I'm wondering if we are doing the XRP
25 market a disservice by absorbing a lot of demand that

1 might otherwise drive activity to exchanges.

2 Is Brad talking about the impact of OTC
3 sales on XRP demand and XRP price?

4 MR. HORTON: Objection to form.

5 A. I believe so.

6 Q. So Brad was recommending that Ripple
7 purchase XRP to support the price?

8 MR. HORTON: Objection to form.

9 A. Brad is recommending that we split up OTC
10 purchases and -- sell some directly, and then buy
11 some for customers.

12 Q. To support the price of XRP?

13 MR. HORTON: Objection to form.

14 A. He doesn't say that explicitly, no.

15 Q. Is that your understanding of the purpose?

16 A. I think he's trying to make some connection
17 to what's happening in the -- and there being some
18 over-the-counter dynamics that -- he thinks are
19 missing in XRP markets somehow. I don't know.

20 Q. Did Brad have any experience working in the
21 financial markets?

22 MR. HORTON: Objection to form.

23 A. I don't know.

24 Q. Did he have any understanding how trading
25 markets worked?

1 MR. HORTON: Objection to form.

2 MR. BAMBERGER: Objection.

3 A. I think so. He had some.

4 Q. Was he commenting about ETH's price rising?

5 MR. HORTON: Objection to form.

6 A. He mentions ETH going through the roof.

7 Q. And did he want Ripple's price to increase
8 as well?

9 MR. HORTON: Objection to form.

10 Q. Sorry. Did he want XRP's price to increase
11 as well?

12 MR. HORTON: Same objection.

13 A. In the context of this document?

14 Q. Yes.

15 A. He seems to be making some sort of a loose
16 connection between ETH going up and XRP not going up.

17 Q. Did he suggest purchasing XRP in order for
18 XRP's price to increase?

19 MR. HORTON: Objection to form.

20 A. I think he's -- he's -- he is saying that
21 whatever we're doing is distorting the natural market
22 dynamics in the market, and he thinks this will make
23 it more normal.

24 Q. What did you understand him to mean when he
25 said "distorting normal market dynamics"?

1 A. Again, we kind of touched on this briefly
2 before. This idea that if we're the only one
3 supplying all of the XRP in the market, that's not --
4 that's not really a market.

5 Q. And that would also eat up demand for XRP
6 that would otherwise occur on platforms, correct?

7 MR. HORTON: Objection to form.

8 A. I mean, at an extreme. If it's only one
9 seller and they sell everything, then no demand hits
10 any open markets.

11 Q. Did you agree with Brad's recommendation to
12 purchase XRP?

13 MR. HORTON: Objection to form.

14 A. I suggested a -- an alternative.

15 Q. And why didn't you want to go with Brad's
16 recommendation?

17 MR. HORTON: Objection to form.

18 A. I -- I list some of the reasons here.

19 Q. And what reasons?

20 A. At the moment, I don't think we were
21 licensed for that activity. So that was one.

22 You know, the other -- honestly we -- we're
23 not set up for that. The company doesn't have
24 exchange accounts. Operationally, it just wasn't
25 something that the desk did. That was part of it.

1 And then like said before, I didn't think
2 really we should be buying XRP.

3 Q. Brad didn't know that brokers need -- need
4 to register?

5 MR. HORTON: Objection to form.

6 A. I don't know.

7 Q. You reference in your email "XRP monetary
8 policy."

9 What do you mean by that?

10 A. This is -- going back a little now, but
11 that was early -- it was early in the -- in the
12 journey, if you will. And if I remember correctly,
13 you know, we were still trying to figure out -- more
14 than policy, loosely tied to sales and percentages
15 and how we did that.

16 I mean, I think that's what I'm referencing
17 here, but I can't remember exactly.

18 Q. Did you ever discuss internally how to
19 maximize Ripple's profits from XRP sales?

20 MS. COWAN: Objection.

21 A. Sorry. Proceeds maybe.

22 Q. And was there a trade-off between the
23 amount of money -- amount of proceeds you could
24 get --

25 A. Sorry, I wasn't answering that question as

1 an affirmative. I just meant it's probably more like
2 proceeds, not profits.

3 And, no, I did not talk to anybody about
4 maximizing the amount of money that we were making
5 from selling XRP.

6 Q. Was there a trade-off between the amount of
7 money you could raise from selling XRP and raising
8 the price of XRP?

9 MR. HORTON: Objection to form.

10 A. I wouldn't couch it that way. I would say
11 that there is a trade-off between how much you can
12 raise and negatively impacting the price.

13 Q. If you look at Brad's response to your
14 email, did Brad believe that -- that the XRP market
15 was not efficient?

16 MR. HORTON: Objection to form.

17 A. He -- in his original email, he seems to
18 think that maybe we're causing some distortions. He
19 mentions that.

20 Q. Was supply clarity important for you? For
21 XRP?

22 MR. HORTON: Objection to form.

23 Q. Sorry. Was the supply clarity for XRP
24 important to you?

25 MR. HORTON: Same objection.

1 A. I think supply clarity is important in any
2 market.

3 Q. Why is it important for the XRP market?

4 A. Yes.

5 Q. Why?

6 A. When I first joined the company, in -- you
7 know, there had been -- there was online forums, you
8 know, a lot of confusions around Ripple dumping and
9 not being clear about what it's doing with XRP and
10 all this stuff.

11 I felt like that was a hindrance to the
12 ability to develop the market. Markets really like
13 clarity, information, transparency. And I felt like
14 it was something -- it was a low-hanging fruit for us
15 to be able to fix that part of it.

16 But I think it was a -- it was a -- a --
17 beneficial to get supply clarity out to the market in
18 order to -- to clear up any fog, if you will.

19 Q. When you say "the market," you're talking
20 about investors and -- who are investing in XRP?

21 MR. HORTON: Objection to form.

22 A. I'm -- I'm not thinking about it that way,
23 I'm more thinking about just anybody who is trading
24 in XRP markets.

25 Q. So you wanted supply clarity for people

1 trading, buying, and selling XRP?

2 MR. HORTON: Objection to form.

3 A. Yeah.

4 Q. Was the lack of supply clarity for XRP a
5 hindrance to creating a trading market for XRP?

6 MR. HORTON: Objection to form.

7 A. Honestly, I can't point to anything that
8 would definitively say yes to that. So no.

9 Q. Did people at Ripple agree with your
10 recommendation to provide more supply clarity for
11 XRP?

12 MR. HORTON: Objection to form.

13 A. I think some people did.

14 Q. Did you discuss your recommendation with
15 anyone at Ripple?

16 A. Which recommendation?

17 Q. To provide more supply clarity?

18 MR. HORTON: Objection. Lack of
19 foundation.

20 A. I remember having discussions with Patrick
21 about this.

22 Q. Did you ever discuss the importance of
23 supply clarity, with Brad?

24 MS. COWAN: Objection.

25 A. I mean, there's a slight mention to it

1 here, but I think outside of this email, I don't
2 remember any specific -- like conversations with him
3 about it.

4 Q. Generally, do -- did you -- do you recall
5 conversations with Brad in which you recommended more
6 supply clarity for XRP?

7 MR. HORTON: Objection to form.

8 A. I don't.

9 Q. Did you -- did Ripple ever receive
10 inquiries from the public asking how to buy XRP?

11 MR. HORTON: Objection to form.

12 A. I don't know.

13 Q. Did you ever get emails from the public
14 inquiring where or how to buy XRP?

15 A. I don't remember. No.

16 MS. WAXMAN: Exhibit 8.

17 (Email re: Ripple XRP Contact Form, Bates
18 0623221, was marked MV Exhibit 8 for
19 identification, as of this date.)

20 Q. I'm showing you what's been marked as
21 Exhibit MV 8, which has the Bates 0623221.

22 (Witness reviewing document.)

23 A. Okay.

24 Q. Do you recognize what's been marked as
25 MV 8?

1 A. I do not.

2 Q. Did anyone ever inquire whether they could
3 buy shares of Ripple?

4 MR. HORTON: Objection. Lack of
5 foundation.

6 A. I mean ...

7 Q. Did anyone ever ask you whether they could
8 buy shares of Ripple and XRP?

9 A. Ask me?

10 Q. Yeah.

11 A. Not that I remember, no.

12 Q. Mr. Vias, I'm showing you what's been
13 marked as Exhibit MV 118.

14 (Email from [REDACTED] was marked MV
15 Exhibit 118 for identification, as of this
16 date.)

17 (Witness reviewing document.)

18 A. Okay.

19 MS. FORBES: The last exhibit I have is
20 marked 17.

21 MR. TENREIRO: Let me email it. I'm sorry,
22 Nicole.

23 Sorry, can we go on? This is just going to
24 take me a second -- are you okay to proceed?

25 MS. COWAN: I believe we are fine.

1 Q. Did [REDACTED] field inquiries from
2 the public about how to buy XRP?

3 MR. HORTON: Objection to form.

4 A. I don't remember.

5 This is marked October of '17. I don't
6 think [REDACTED] reported to me yet.

7 Q. Okay. It looks like an email she is asking
8 you what to -- how to respond to certain inquiries
9 from the public about how to buy XRP.

10 Do you see that?

11 MS. COWAN: Objection.

12 A. Yes. She said we've had a pick up in
13 interest -- up in interest in XRP buyers that don't
14 make the cut to be onboarded to XRP II.

15 MS. COWAN: I objected to that question.

16 Q. Did you direct her to tell those XRP buyers
17 to buy XRP off the exchanges?

18 MR. HORTON: Objection to form.

19 A. So just -- reading here, I think what I'm
20 saying to her is, we should -- we should introduce
21 anybody who wants to buy XRP to the over-the-counter
22 brokers. I name them here; [REDACTED]
23 [REDACTED] in Asia.

24 But if it's below a certain threshold, if
25 it's below 100,000, that it might be better to

1 suggest the exchanges. The over-the-counter brokers
2 tended to be larger transactions so they might not
3 want to onboard something for a small trade like
4 that.

5 Q. At the top of the page, you write, For
6 25,000 -- 25K, that's --

7 MR. HORTON: Objection.

8 A. No, that's her.

9 Q. She writes, For 25K, should I make
10 introductions to exchanges, or just funnel to XRP
11 portal to learn about exchanges?

12 What is the XRP portal?

13 A. I don't know if it still exists. But I
14 think at the time it was like a -- it was like an
15 XRP, FAQ, information website. I don't know what
16 stats it had at the time on there. It may have had
17 exchanges where XRP could trade maybe information
18 arrange the ledger, the transactions. Yeah.

19 Q. Did you tell her to direct inquiries from
20 individual investors about buying XRP to information
21 on the XRP portal?

22 MR. HORTON: Objection to form.

23 A. Yeah, I -- so I -- I just -- I just -- I
24 told her, if anyone is looking to purchase \$25,000
25 worth of XRP, that the best place is -- the best

1 thing is not to introduce them to exchanges. It's
2 just to basically give them the information as to
3 where XRP is available to trade.

4 Q. I thought you said the best thing was not
5 to introduce them to OTC brokers?

6 A. No.

7 MR. HORTON: Objection.

8 A. So she asks, Should I make introduction to
9 exchanges, or just funnel to XRP portal?

10 And I said, The latter for sure.

11 Q. Okay. And was the XRP portal on Ripple's
12 web page?

13 A. I don't remember. If it was a separate. I
14 don't remember where it's at.

15 Q. Did Ripple maintain the XRP portal?

16 MR. HORTON: Objection. Form.

17 A. I believe so.

18 Q. And at some point, was it taken down?

19 MR. HORTON: Objection.

20 A. I don't know.

21 MS. WAXMAN: Let's go off the record.

22 11:27.

23 THE VIDEOGRAPHER: Going off the record at
24 11:27 a.m. Eastern.

25 (A recess was taken from 11:27 to 11:41.)

1 THE VIDEOGRAPHER: We are back on the
2 record at 11:41 a.m. Eastern.

3 Q. Mr. Vias, earlier we spoke about what the
4 XRP trading market looked like when you joined the
5 company.

6 What did the XRP trading market look like
7 when you left?

8 MS. COWAN: Objection.

9 A. I won't -- I won't have numbers. But I do
10 remember specifically, when I first began, it was
11 around \$2 million a day of trading. I remember that,
12 just because we used to talk about it a lot.

13 I won't remember exactly how much traded
14 daily, but it would have been in the billions at that
15 point in April 2020.

16 In terms of exchanges, I don't know.
17 Around a couple hundred. Probably list XRP at this
18 point. I think there was four to six when I started.

19 Probably the biggest change is that, you
20 know, the -- the off-ledger volume, I think, dwarfs
21 the current ledger volume. Or the -- the volume when
22 I left. I think every major over-the-counter market
23 maker provides liquidity and XRP. When I began,
24 there were none.

25 And I think you can borrow and lend XRP

1 now, or back then when I left. And that was not --
2 we were not able to do that when I first joined.

3 Q. Any other difference from the time you
4 joined to the time you left?

5 A. Yeah. When I left we had -- it was
6 probably the biggest, I think, accomplishment, when I
7 look back at my time there, was having real
8 commercial flow going through xRapid, early still.
9 But I think when I left, we had three to four
10 companies using it. Now it's really different.

11 Q. And when did you leave Ripple?

12 A. My last official day was April 30, I think.

13 Q. Of what year?

14 A. 2020.

15 Q. You said that when you left the off-ledger
16 trading volume was enormous. I don't know if you
17 used that word, but it was much larger than it was
18 when you started.

19 A. I think the word I used was "dwarfed." I
20 think it dwarfed on-ledger volume.

21 Q. Were you and members of the XRP markets
22 team responsible for that increase in off-ledger
23 trading volume?

24 MR. HORTON: Objection to form.

25 MS. COWAN: Objection.

1 A. No.

2 Q. Did you play a role in the growth of the
3 XRP market?

4 A. I would like to think so.

5 Q. To the XRP.

6 How did you play a role?

7 MS. COWAN: Objection.

8 A. I think we partnered with the right
9 exchanges in the beginning. Our relationship with
10 Bitstamp and Bittrex I think was really important. I
11 think our work around developing the OTC market, as I
12 stated before.

13 Yeah, I mean, I think we did -- we did
14 small but important things to help the market
15 develop.

16 Q. Did you play a role in facilitating lending
17 of XRP?

18 MR. HORTON: Objection.

19 A. We did.

20 Q. When -- the time you left, who were the
21 biggest OTC liquidity providers for XRP?

22 MR. HORTON: Objection to form.

23 A. I won't know. I wouldn't know how to rank
24 them.

25 Q. Who were some of the largest ones? You

1 don't have to rank them, but who were some of the
2 biggest ones?

3 MR. HORTON: Objection to form.

4 A. I think [REDACTED] [REDACTED] [REDACTED]
5 in London. [REDACTED] [REDACTED] in Asia.

6 Those would be the largest, I think.

7 Q. And you were responsible for bringing those
8 OTC providers into the XRP market, right?

9 MR. HORTON: Objection to form.

10 A. I definitely made it a goal to bring --
11 [REDACTED] in particular, I worked very closely with,
12 to try to get them to provide liquidity in XRP. I
13 don't remember doing anything with [REDACTED] directly.

14 I think [REDACTED] we may have -- I can't
15 remember if we had a -- a formal relationship, but I
16 spoke to the CEO there a bit. And [REDACTED]
17 definitely also is a similar but less high-touch
18 relationship than -- compared to the one with
19 [REDACTED]

20 Q. Would these OTC providers have made markets
21 in XRP absent your efforts?

22 MR. HORTON: Objection to form.

23 A. I don't know.

24 Q. Did your work contribute to the growth in
25 OTC XRP market?

1 MR. HORTON: Objection to form.

2 A. I think it helped.

3 Q. What was XRP's price when you left?

4 A. I don't remember exactly.

5 Q. But it was still pennies when you joined,
6 right?

7 A. Yes.

8 Q. Was it more than a penny when you left?

9 MR. HORTON: Objection.

10 A. Yes.

11 Q. Around how much was it when you left?

12 A. It was between 20 and 40 cents when I left.

13 Q. Did your work contribute to the increase in
14 XRP price?

15 MR. HORTON: Objection to form.

16 A. At which point? That price has gone up and
17 down a lot. I don't -- I don't know how to answer
18 that question. No.

19 Q. Did your work contribute to more market
20 participants trading XRP?

21 MR. HORTON: Objection to form.

22 A. I think so.

23 Q. Did your work contribute to more retail
24 purchasers purchasing XRP?

25 MR. HORTON: Objection to form.

1 A. I don't know.

2 Q. Did your work contribute to more XRP
3 trading on digital asset trading platforms?

4 MR. HORTON: Objection to form.

5 A. I think so, yup.

6 Q. So, basically, you and the XRP markets team
7 created a secondary market for XRP?

8 MR. HORTON: Object to form.

9 A. Basically, no. No.

10 Q. What contributed -- did your work
11 contribute to the creation of a secondary market for
12 XRP?

13 MR. HORTON: Objection to form.

14 A. I think it's important to look at XRP in
15 the context of crypto broadly. And think about all
16 of the things that have happened from 2016 until when
17 I left that company in 2020.

18 And, I think if I had to point out one
19 thing, that was the -- the primary driver of the
20 growth of XRP markets, it would probably be Bitcoin.

21 Just because, you know, crypto goes as
22 Bitcoin goes. And the bigger that market gets, the
23 bigger the markets underneath it get. More people
24 join crypto through Bitcoin and then they start
25 trading other things.

1 Q. So your efforts -- Ripple's efforts and
2 your efforts had nothing to do with the growth of the
3 XRP trading market?

4 MR. HORTON: Objection.

5 A. I didn't say that.

6 What I said was if I had to point out one
7 thing that was the primary driver, it would be -- the
8 state of crypto, broadly. And the fact that the
9 whole industry burgeoned over four years.

10 Q. Were there other drivers that you can point
11 to?

12 A. With respect to XRP?

13 Q. Yes.

14 A. I think when I joined Ripple in 2016, my
15 biggest concern was that XRP, if we continue to do
16 some of the things that we were doing, and didn't put
17 it in place where it could benefit, from a market
18 development perspective, from the broader crypto
19 trends, which we all believed were coming, that it
20 could just -- it could be left behind.

21 And then all of the things that folks were
22 talking about internally around using it as a bridge
23 asset and a better way to sell, and as a -- a -- a --
24 a better money movement, mechanism, globally, would
25 never come to fruition, because I felt like there was

1 a binary moment where if crypto went and -- you know,
2 the use case for XRP was basically -- focused solely
3 on the protocol, the rest of crypto didn't live on
4 the XRP protocol. That's not where -- that's not
5 where Bitcoin lives.

6 It's a lengthy way of saying, I think the
7 important thing that we did was kind of unstick it in
8 the beginning, and change that -- that strategy. And
9 say, No, like, if we want to grow liquidity for the
10 products, we need to figure out a way to leverage
11 what we all believe is coming, which is that the
12 whole world will enter crypto.

13 Q. So you recommended that Ripple leverage
14 retail interest in crypto?

15 MR. HORTON: Objection to form.

16 A. What I recommended was building a product
17 that leveraged the already existing interest on
18 different currency exchanges and making sure that XRP
19 was on those exchanges.

20 Q. So Ripple tried to position XRP to benefit
21 from broader -- broader crypto trends?

22 MR. HORTON: Objection to form.

23 A. I won't -- I won't talk about what Ripple
24 wanted. It was hard for me to talk about what a
25 company wanted. But what I can say is when I

1 started, I looked at XRP, and I thought this is a
2 wonderful technology. It's better than almost
3 anything that's out there right now. And I think at
4 the time, it was better than anything that was out
5 there, in terms of speed, efficiency cost.

6 And it was often, like, this little crypto
7 corner over here. It was like, what are we going to
8 do with this? Like, you can't build a product around
9 this. There's no liquidity. How are we going to
10 build the liquidity so we can overlay a product on
11 this? And the only way to do that was to leverage
12 the exchanges. That's where crypto lives.

13 And then at the time, you could see that
14 there was going to be an over-the-counter market, and
15 that was starting to develop. And I know from my
16 days in gold that an over-the-counter market is
17 incredibly important to a trading ecosystem. So
18 those were the -- you know, those were the -- the
19 pointers, right.

20 It's like, well, you have the exchanges.
21 You have the OTC. You get these things to grow
22 liquidity, and you overlay it's product. And that
23 was the plan.

24 Q. Did you -- at the time that you joined
25 Ripple, did you feel that the company did not do a

1 good job promoting XRP to the market?

2 MR. HORTON: Objection to form.

3 A. This wasn't about -- I -- if I have to
4 point at something that I didn't agree with from a
5 strategic perspective, it was -- it was kind of
6 holding on to that protocol vision.

7 In fact, it kind of felt like the company
8 wanted to go about this maybe the hardest way
9 possible, in terms of building a product that uses
10 crypto liquidity.

11 Q. Did you recommend that -- during your
12 investigative testimony, we spoke about an exchange
13 strategy.

14 Is that something that you spearheaded
15 while you were at Ripple?

16 MR. HORTON: Objection to form.

17 A. I think I was -- it was kind of in charge
18 of the effort. I can't remember how much of that was
19 already in play when I joined. I think some of it
20 may have been in play when I joined.

21 Q. And at -- as -- part of that strategy,
22 Ripple entered into agreements with exchanges?

23 MR. HORTON: Objection to form.

24 A. Yes.

25 Q. And those agreements provided certain

1 incentive payments to the exchange?

2 MS. COWAN: Objection.

3 A. In some instances.

4 Q. Well -- in what instances?

5 A. In -- in -- Bitstamp, Kraken. I think -- I
6 can't remember Bithumb in Korea. And there was
7 another exchange in Korea, which I think we had a
8 partnership with.

9 Bitso, I don't remember there being any
10 incentives. BitChecks, I don't remember.

11 Yeah, I think that does.

12 Q. Why did Ripple provide those incentives?

13 MR. HORTON: Objection to form.

14 A. So if you kind of go back to the first
15 quarter of 2017, very little trading in XRP, off the
16 protocol. Even on the protocol, there wasn't much.

17 It's -- it is challenging. It's
18 challenging to go to an exchange and say, Hey, list
19 XRP. We are going to drive a use case that is going
20 to bring commercial volume to your exchange
21 eventually. Trust us.

22 You know, the conversation says, Well,
23 maybe, and that sounds great, but, you know, I have
24 other things going on to take care of my existing
25 business. There are other, maybe, assets that I want